

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



second quarter 2015

Highlights for the second quarter of 2015

	2Q-15	change from	
		1Q-15	2Q-14
Labor force	232,068 residents	▲	▲
Residents employed	223,741	▲	▲
Unemployment rate	3.6%	▼	▼
New residential permitted units	462 units	▲	▼
Permitted residential conversions, remodels and additions	223 buildings \$ 81.1 million	▲	▲
Permitted non-residential conversions, remodels and additions	221 buildings \$ 258.9 million	▲	▲
Residential units demolished	43 units	▲	▼
Rental vacancy rate	4.6 %	▲	▲
Average rent in inflation-adjusted dollars	\$ 1,228	▲	▲
Residential units sold			
Traditional	1630 units	▲	▲
Lender-mediated	142 units	▲	▼
Median sale price of residential units			
Traditional	\$ 234,900	▲	▲
Lender-mediated	\$ 124,700	▲	▲
Foreclosures	109	▼	▼
Condemned and vacant buildings	531	▼	▼
Minneapolis CBD office vacancy rate	14.1 %	▼	▼
Minneapolis CBD retail vacancy rate	11.8 %	▲	▲

Highlights for the fourth quarter of 2014 – Jobs and wages

	4Q-14	3Q-14	4Q-13
Number of jobs	312,218 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,329	▲	▲

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second quarter 2015

Contents

Economic indicators	3
Labor force	4
Jobs	5
Wages	8
Definitions & sources	12
Development indicators	13
New construction	14
Cost of residential construction	15
Conversions, remodels, and additions	16
Major construction projects	20
Demolitions	21
Definitions & sources	22
Housing stock & the real estate market	24
Apartment vacancy rates & average rents	25
Residential sales	30
Foreclosures	32
Condemned & vacant buildings	34
Office space	35
Retail space	37
Industrial space	39
Definitions & sources	41

Economic indicators

- Average employment increased at a faster pace than the labor force over the past quarter, resulting in a decrease in the unemployment rate to 3.6%. In comparison with the same quarter last year, over 12,000 more city residents were working.
- As of the fourth quarter 2014 there were 312,218 jobs in Minneapolis – the highest number seen since the fourth quarter of 2000. This constitutes an increase of 0.3 percent over the previous quarter, and 6,563 more jobs (2.1 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs at similar rates; 1.6 and 1.4 percent respectively.
- Average inflation adjusted wages for the fourth quarter of 2014 were up 3.6 percent from the same period a year before. Inflation adjusted wages in the metro area rose 4.1 percent and 2.2 percent at the state level during the same period.

Labor force

During the fourth quarter 4,053 residents (a 1.8 percent increase) joined the labor force; while 4,137 more residents (a 1.9 percent increase) were working. As a result, the unemployment rate decreased from 3.7 percent in the first quarter of 2015 to 3.6 percent in the second quarter of 2015.

The metro area experienced an increase in the labor force and employment. This resulted in a decrease in the unemployment rate to 3.5 percent down from 3.8 percent in the previous quarter.

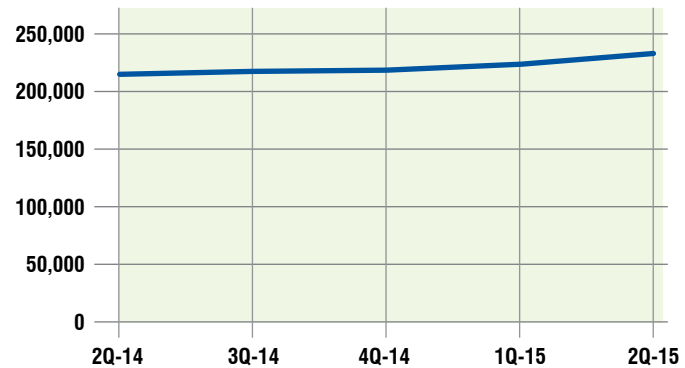
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis					
Labor Force	219,885	221,106	219,419	228,015	232,068
Employment	210,431	211,845	212,338	219,604	223,741
Unemployment rate	4.3%	4.2%	3.2%	3.7%	3.6%
Metro area					
Labor Force	1,643,297	1,650,304	1,640,123	1,639,615	1,664,591
Employment	1,575,135	1,585,722	1,589,413	1,576,802	1,606,398
Unemployment rate	4.1%	3.9%	3.1%	3.8%	3.5%

Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

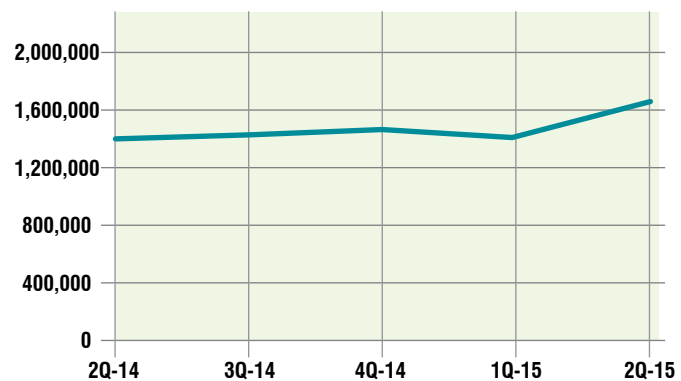
* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT** – Minneapolis
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT** – Metro area*
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

* For metro area definition, see [page 12](#)

Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis¹

	4Q-2013	1Q-2014	2Q-2014	3Q-2014	4Q-2014	Change from 4Q-13 - 4Q-14
Total, All Industries	305,655	299,532	308,700	311,415	312,218	6,563
Construction	5,860	5,313	5,984	6,414	6,091	231
Manufacturing	13,131	12,927	13,168	13,198	13,192	61
Utilities	2,845	2,758	2,807	2,857	2,832	(13)
Wholesale Trade	8,780	8,353	8,509	8,452	8,386	(394)
Retail Trade	14,871	14,073	15,647	15,310	14,841	(30)
Transportation and Warehousing	6,772	6,866	6,804	6,474	6,826	54
Information	10,740	10,877	11,158	11,387	11,359	619
Finance and Insurance	26,492	26,322	26,425	26,856	27,149	657
Real Estate and Rental and Leasing	8,962	8,737	8,764	8,649	8,519	(443)
Professional and Technical Services	33,849	34,158	34,708	35,482	35,560	1,711
Management of Companies and Enterprises	20,152	19,191	18,211	18,329	17,944	(2,208)
Administrative and Waste Services	14,833	13,932	15,034	16,213	15,960	1,127
Educational Services	31,596	31,372	31,338	30,058	32,523	927
Health Care and Social Assistance	55,232	54,726	55,688	55,566	56,623	1,391
Arts, Entertainment, and Recreation	4,667	4,794	5,741	5,917	5,037	370
Accommodation and Food Services	24,785	23,337	25,856	26,826	26,201	1,416
Other Services, Ex. Public Admin	9,664	9,509	10,134	10,073	10,189	525
Public Administration	12,245	12,118	12,498	13,166	12,822	577

Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages

¹ Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

Jobs

As of the fourth quarter 2014, the number of jobs located in Minneapolis was 312,218, a 0.3 percent increase from the previous quarter. In comparison with the same quarter in 2013, the number of jobs increased by 2.1 percent (6,563 jobs).

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

12 month change – 4th quarter 2013 to 4th quarter 2014

Sectors which gained the most jobs:

- **Arts, Entertainment, and Recreation** grew by 370 jobs, a 7.9 percent increase.
- **Administration and Waste Services** grew by 1,127 jobs, a 7.6 percent increase.
- **Information** grew by 619 jobs, a 5.8 percent increase.

Sectors which experienced greatest job losses:

- **Wholesale Trade** lost 394 jobs, a 4.5 percent decrease.
- **Real Estate, Rental, and Leasing** lost 443 jobs, a 4.9 percent decrease.
- **Management of Companies and Enterprises** lost 2,208 jobs, an 11.0 percent decrease.

Quarter to quarter change – 3rd quarter 2014 to 4th quarter 2014

Sectors which gained the most jobs:

- **Educational Services** grew by 2,465 jobs, an 8.2 percent increase.
- **Transportation and Warehousing** grew by 352 jobs, a 5.4 percent increase.
- **Health Care and Social Assistance** grew by 1,057 jobs, a 1.9 percent increase.

Sectors which experienced greatest job losses:

- **Public Administration** lost 344 jobs, a 2.6 percent decrease.
- **Retail Trade** lost 469 jobs, a 3.1 percent decrease.
- **Construction** lost 323 jobs, a 5.0 percent decrease.

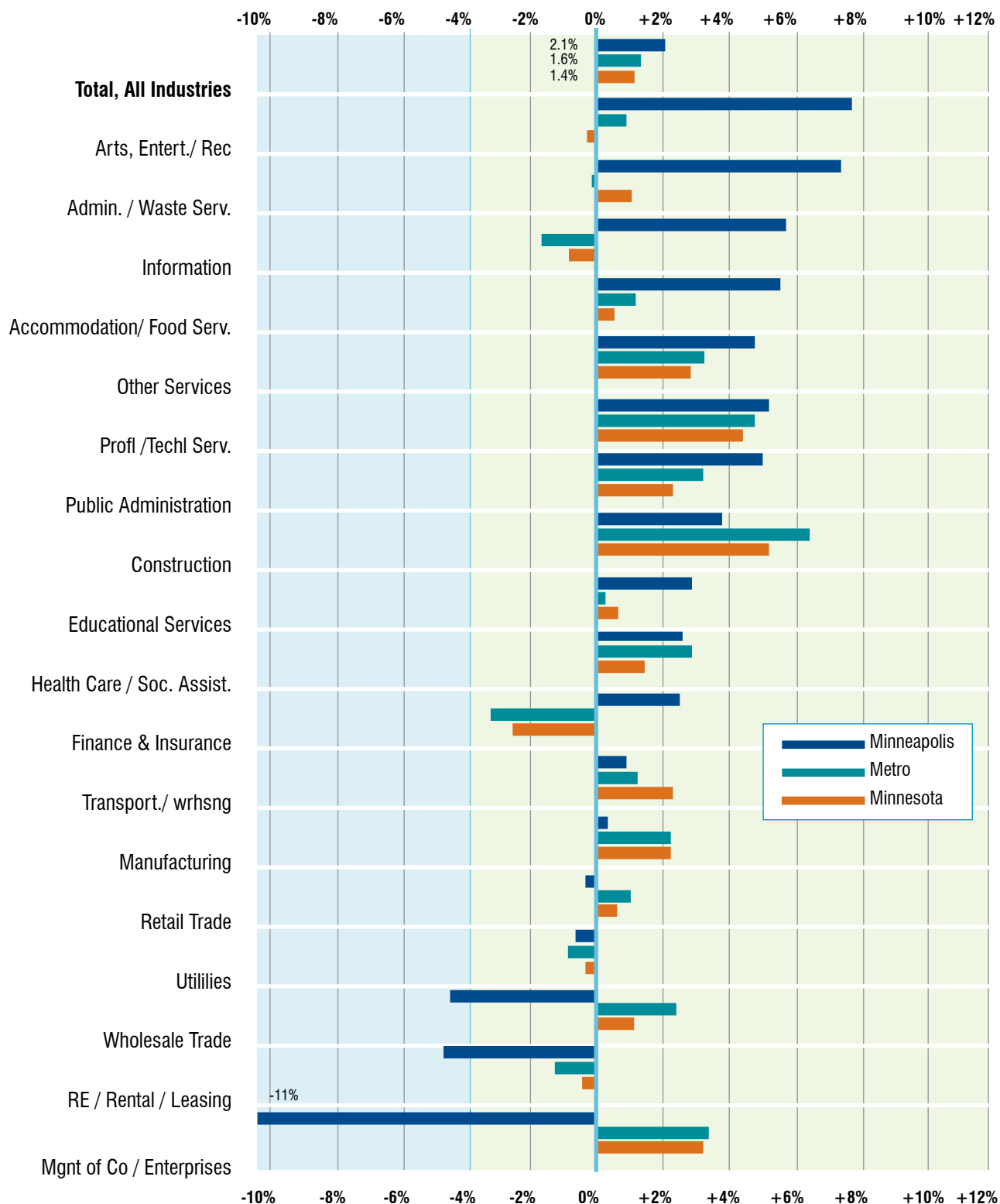
As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 2.1 percent over the previous twelve months while the metro area at a 1.6 percent rate and the state added jobs at a rate of 1.4 percent.

Of the sectors **posting growth** over this period, **Arts, Entertainment, and Recreation** was the fastest growing sector in the city at 7.9 percent, while the industry saw modest growth at the Metro level and job losses at the state level. **Administration and Waste Services** and **Information** sectors also grew over the past year; at rates of 7.6 percent and 5.8 percent respectively.

Of the economic sectors losing jobs in the city, **Management of Companies and Enterprise** and **Real Estate, Rental, and Leasing** saw the greatest declines.

Jobs

Figure 3: **JOBS** —4Q-13 to 4Q-14
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low

For metro area definition, see [page 12](#)

Wages

The average weekly wage in Minneapolis in the fourth quarter of 2014 was **\$1,329**, a **3.7 percent** increase in non-adjusted dollars from the previous year, and a **3.6 percent** increase when accounting for inflation.

All but two sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Wholesale Trade** saw the highest average weekly wages increase at **256 dollars (16.9 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis¹
in current dollars

	4Q-2013	1Q-2014	2Q-2014	3Q-2014	4Q-2014	Change from 4Q-13 - 4Q-14
Total, All Industries	\$ 1,282	\$ 1,401	\$ 1,202	\$ 1,190	\$ 1,329	\$ 47
Construction	\$ 1,252	\$ 1,268	\$ 1,185	\$ 1,163	\$ 1,338	\$ 86
Manufacturing	\$ 1,220	\$ 1,186	\$ 1,134	\$ 1,088	\$ 1,249	\$ 29
Utilities	\$ 1,898	\$ 2,733	\$ 1,795	\$ 1,712	\$ 1,903	\$ 5
Wholesale Trade	\$ 1,514	\$ 1,559	\$ 1,377	\$ 1,464	\$ 1,770	\$ 256
Retail Trade	\$ 539	\$ 562	\$ 493	\$ 527	\$ 552	\$ 13
Transportation and Warehousing	\$ 961	\$ 1,033	\$ 933	\$ 975	\$ 939	\$ (22)
Information	\$ 1,407	\$ 1,530	\$ 1,379	\$ 1,356	\$ 1,414	\$ 7
Finance and Insurance	\$ 2,097	\$ 3,357	\$ 1,925	\$ 1,878	\$ 2,163	\$ 66
Real Estate and Rental and Leasing	\$ 1,470	\$ 2,424	\$ 1,297	\$ 1,462	\$ 1,528	\$ 58
Professional and Technical Services	\$ 2,227	\$ 1,759	\$ 1,847	\$ 1,768	\$ 2,291	\$ 64
Management of Companies and Enterprises	\$ 1,769	\$ 2,267	\$ 1,900	\$ 1,971	\$ 2,017	\$ 248
Administrative and Waste Services	\$ 725	\$ 698	\$ 668	\$ 677	\$ 730	\$ 5
Educational Services	\$ 1,218	\$ 1,084	\$ 1,229	\$ 1,112	\$ 1,241	\$ 23
Health Care and Social Assistance	\$ 988	\$ 966	\$ 954	\$ 951	\$ 1,030	\$ 42
Arts, Entertainment, and Recreation	\$ 1,076	\$ 876	\$ 1,387	\$ 1,407	\$ 1,040	\$ (36)
Accommodation and Food Services	\$ 405	\$ 393	\$ 394	\$ 409	\$ 419	\$ 14
Other Services, Ex. Public Admin	\$ 649	\$ 631	\$ 640	\$ 643	\$ 664	\$ 15
Public Administration	\$ 1,235	\$ 1,321	\$ 1,225	\$ 1,259	\$ 1,285	\$ 50

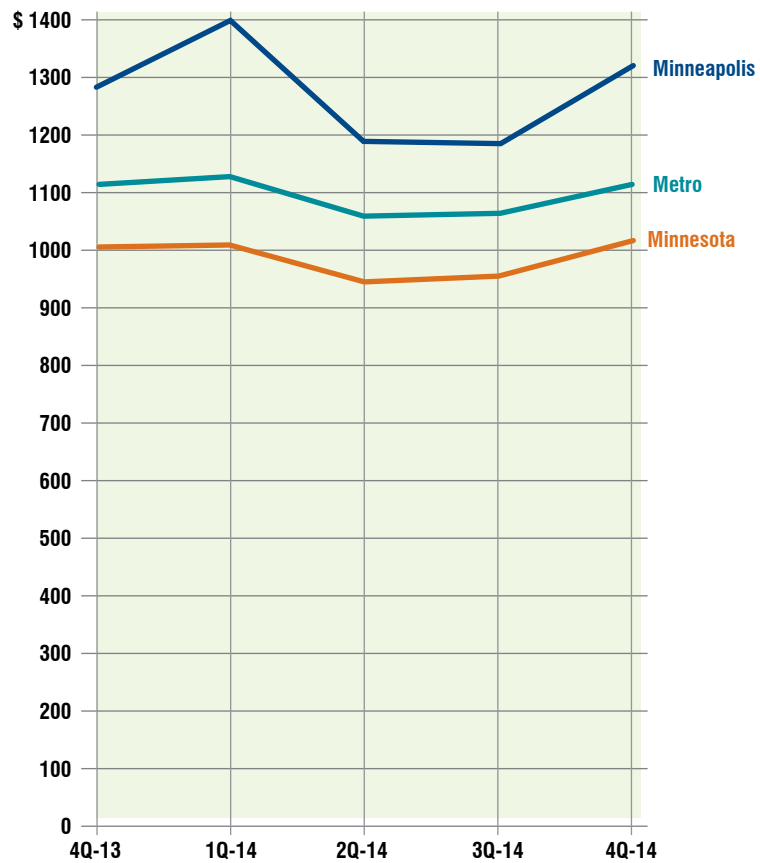
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

¹ Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. When compared to the same quarter last year, average weekly wages in inflation-adjusted dollars rose in the city, metro, and state geographies.

Figure 4: **AVERAGE WEEKLY WAGES** –4Q-13 to 4Q-14
in inflation-adjusted dollars



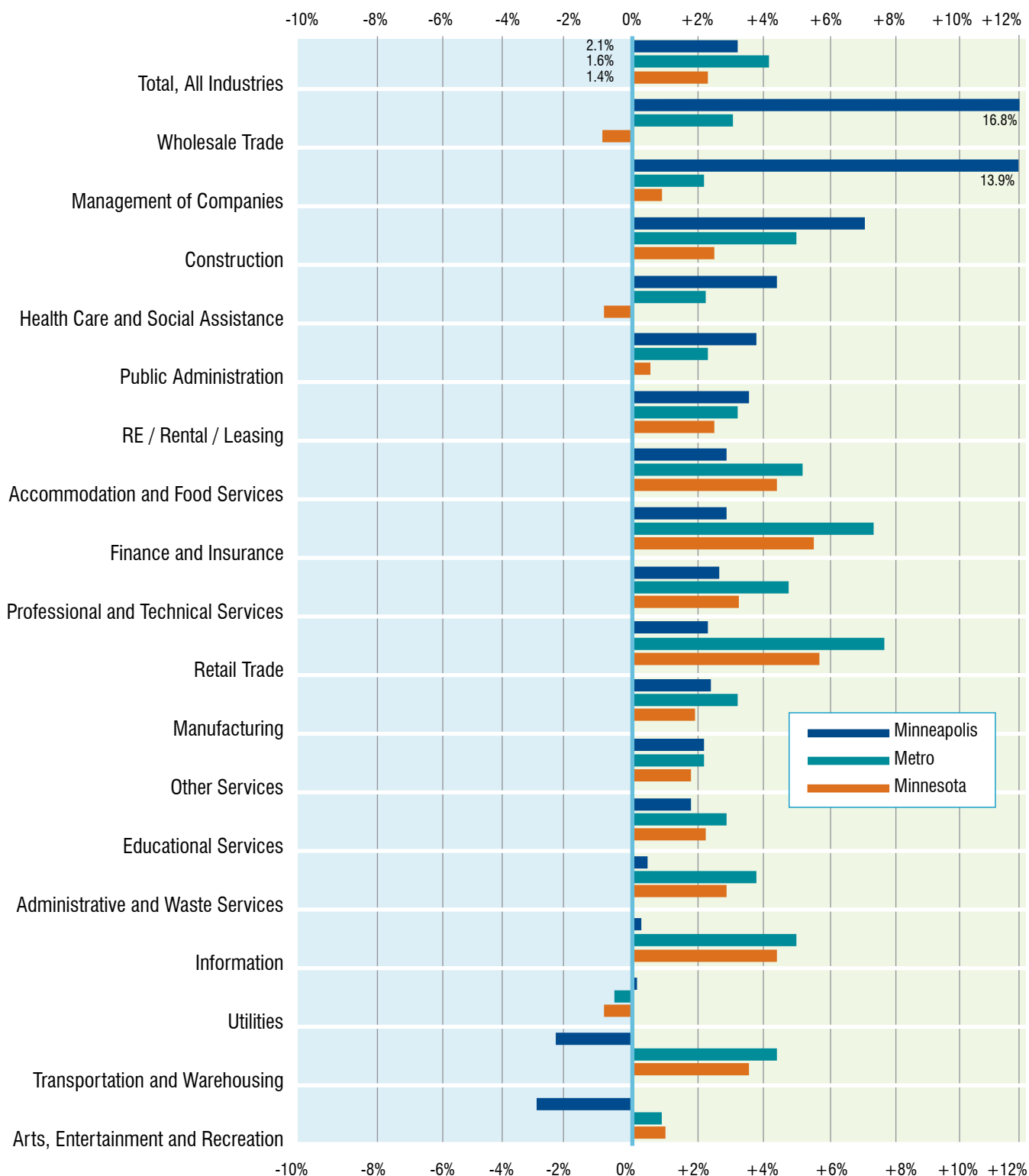
	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14	\$ change 4Q-13 to 4Q-14	% change 4Q-13 to 4Q-14
Minneapolis	\$ 1,283	\$ 1,387	\$ 1,190	\$ 1,175	\$ 1,329	\$ 46	3.6%
Metro area	\$ 1,104	\$ 1,180	\$ 1,050	\$ 1,061	\$ 1,149	\$ 45	4.1%
Minnesota	\$ 1,001	\$ 1,037	\$ 948	\$ 965	\$ 1,023	\$ 22	2.2%

Source: *Minnesota Department of Employment and Economic Development (DEED)*

For conversion factors, see [page 12](#)

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –4Q-13 to 4Q-14
percent change in inflation-adjusted dollars*



Source: Minnesota Department of Employment and Economic Development (DEED)

* For conversion factors, see [page 12](#)

Minneapolis industries are sorted from high to low.

For metro area definition, see [page 12](#)

Wages

All but two of the sectors tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Wholesale Trade** saw the largest percentage increases over the previous year. In the metro and state geographies, job sector experiencing the greatest wage growth was **Retail Trade**.

- **Wholesale** saw the largest increase in inflation adjusted wages in Minneapolis with **16.8 percent** growth, while wages for the industry increased at a rate of 3.1 percent in the metro and 1.3 percent at the state level.

Definitions & sources

Labor Force, Employment and Unemployment: Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

Metro area: The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Jobs and wages: Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

Inflation-adjusted figures: Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the third quarter of 2012, dollars have been converted with an index reflecting the CPI for the second half of 2012 and second half of 2011 with 2012 as a base year for Minneapolis and metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

Development indicators

- **462 new construction residential units** were permitted this quarter; an increase from the previous quarter, but a decline from the same quarter of the previous year.
- The city permitted **355.8 percent** more multifamily units this quarter than last quarter, and **44.8 percent** fewer permits than were issued in the same quarter of 2014.
- Forty-three residential and commercial permits valued at least \$1 million were issued this quarter, totaling \$312.8 million. The largest single project included permits for an addition to a school in Linden Hills.

New construction

Minneapolis city permitting of single-family units increased over the previous quarter and when compared to the same quarter in 2014, while permitting of multi-family units increased over the previous quarter and decreased when compared to the same quarter in 2014. New residential unit permitting activity in the metro area increased over the previous quarter and decreased when compared to the same quarter last year.

Figure 6 shows the last five quarters of new residential unit permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

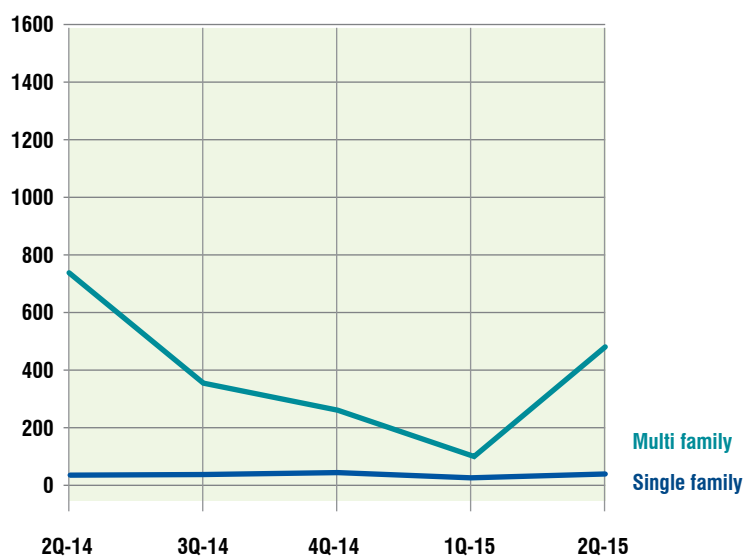
	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Single-family					
City	27	31	43	24	29
Metro area	1,428	1,610	1,308	1,033	1,507
Multifamily					
City	784	378	232	95	433
Metro area	1,470	1,499	866	431	1,292
Total Units					
City	811	409	275	119	462
Metro area*	2,898	3,109	2,174	1,464	2,799

Source: U.S. Census Bureau, based on estimated number of permits with imputation

* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area.

For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



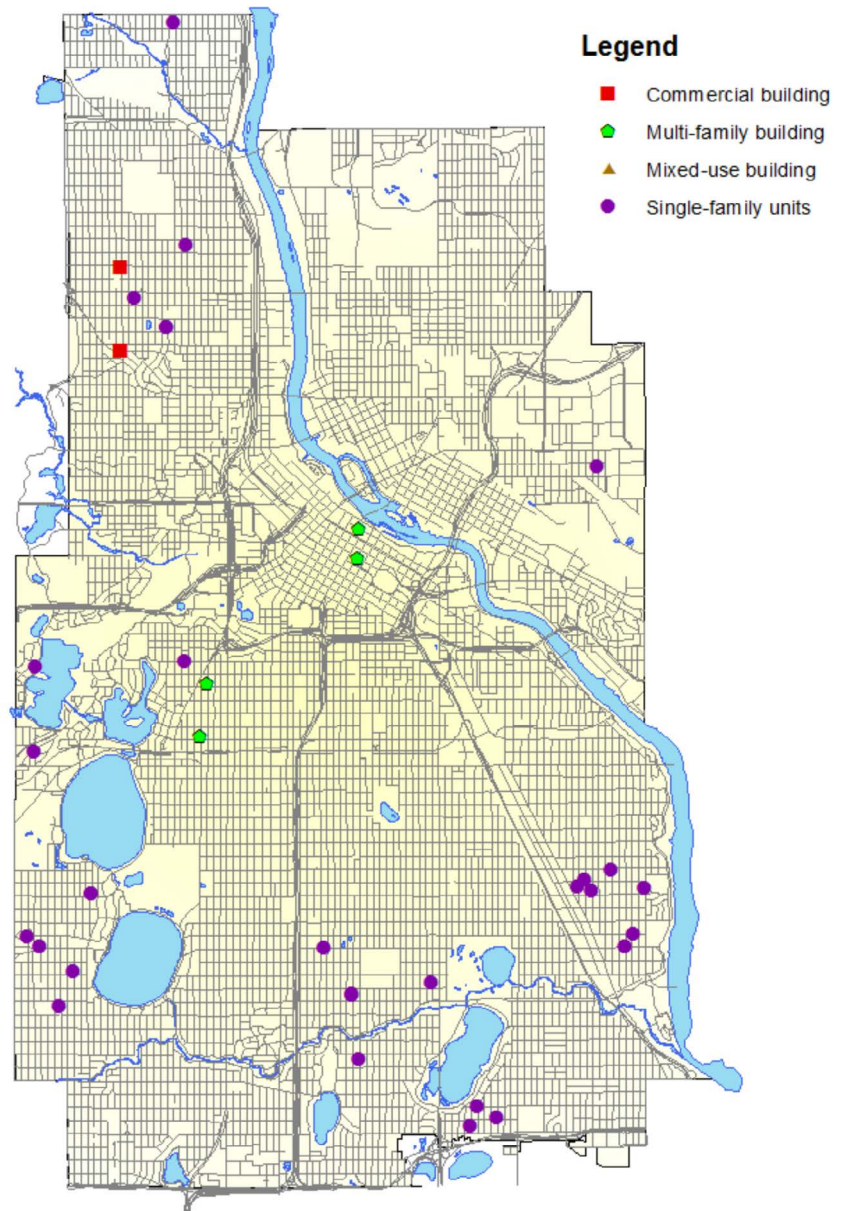
Source: U.S. Census Bureau, and Minneapolis CPED

New construction

Twenty-nine single-family dwellings were permitted, most of them in the southern half of the city, near Lake Harriet, Lake Nokomis, and the Longfellow Community. Five new multi-family building totaling 433 units were also permitted this quarter. On the commercial side, two new projects on Penn Avenue North obtained permits this quarter.

Map 1: **NEW CONSTRUCTION PERMITS – 2Q-15**

Source: Minneapolis CPED



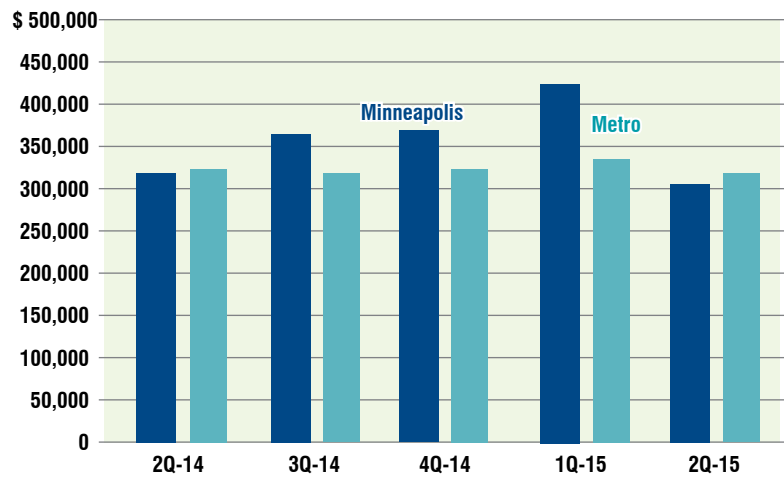
Cost of residential construction

The twenty-nine new single-family homes permitted this quarter had estimated construction costs ranging from \$143,000 to \$1,037,443 with a median of \$247,596.

The average single-family construction cost in the city decreased by 28.0 percent this quarter in comparison with last quarter, and decreased 2.4 percent compared with the same quarter last year. In the metro area permitted single-family construction cost decreased by 5.5 percent over the previous quarter and decreased 2.2 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units decreased in Minneapolis and in the metro from the previous quarter. The large change in per unit cost in Minneapolis is attributed to there being only one high end apartment project permitted the previous quarter. Construction costs as a whole decreased in Minneapolis and increased in the metro when compared to the same quarter from the previous year.

Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**
per unit

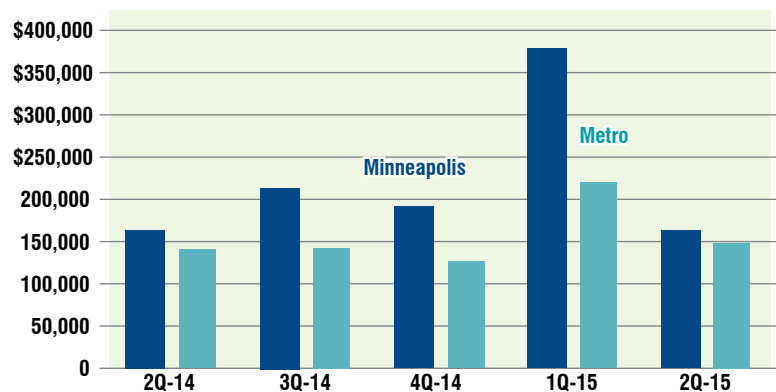


	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis	\$ 311,999	\$ 362,830	\$ 364,257	\$ 423,117	\$ 304,458
Metro area	\$ 323,010	\$ 312,243	\$ 328,641	\$ 334,530	\$ 315,997

Source: U.S. Census Bureau

Table values are not adjusted for inflation
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**
per unit



	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis	\$ 158,446	\$ 212,947	\$ 183,028	\$ 384,888	\$ 151,237
Metro area	\$ 147,566	\$ 146,243	\$ 138,461	\$ 220,558	\$ 149,944

Source: U.S. Census Bureau

Values in table are not adjusted for inflation
For metro area definition, see [page 12](#)

Permitted conversions, remodels & additions

The City saw an increase in the number of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter.

Commercial permit numbers and overall value were up when compared to the previous quarter and the same quarter from the previous year.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**
projects \$50,000 +

	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Remodels					
Number of buildings	162	166	135	134	199
Total Value	\$ 31,829,146	\$ 25,864,908	\$ 27,951,480	\$ 39,889,008	\$ 55,055,400
Conversions and additions²					
Number of buildings	13	18	10	9	24
Net number of units	63	5	11	-3	159
Total value	\$ 9,301,359	\$ 3,721,007	\$ 2,258,282	\$ 207,286	\$ 26,007,819
Total Residential¹					
Number of buildings	175	184	145	143	223
Value	\$ 41,130,505	\$ 29,585,915	\$ 30,209,762	\$ 40,096,294	\$ 81,063,219
Total non-residential¹					
Number of buildings ³	189	206	165	174	221
Value	\$ 83,855,306	\$ 124,221,140	\$ 59,300,341	\$ 108,378,632	\$ 258,917,219

Source: Minneapolis CPED

1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.

2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.

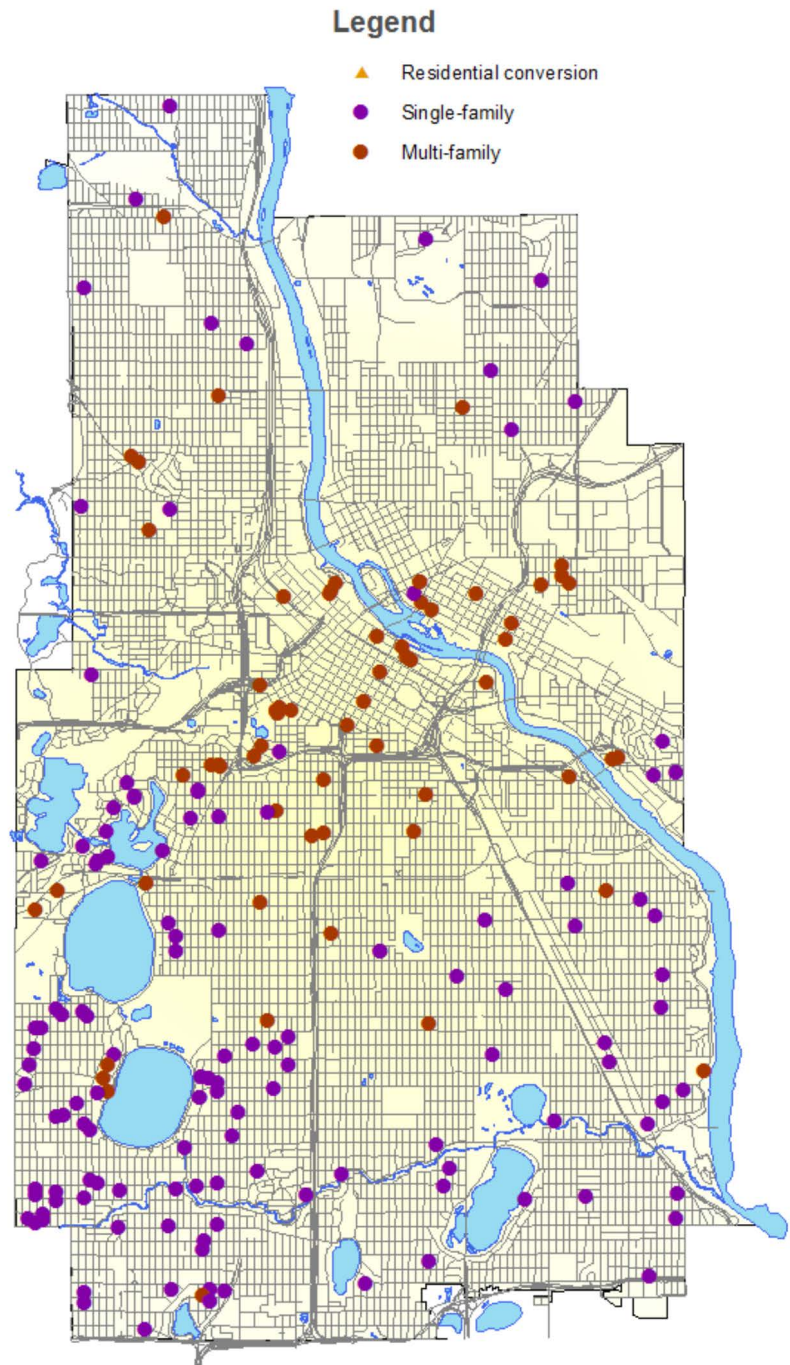
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

Residential projects were a mix of renovations of single- and multi-family properties scattered throughout the City, with single-family concentrations in the South and Southwest sectors and multi-family projects concentrated in and near Downtown.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 2Q-15**
projects \$50,000 +

Source: Minneapolis CPED

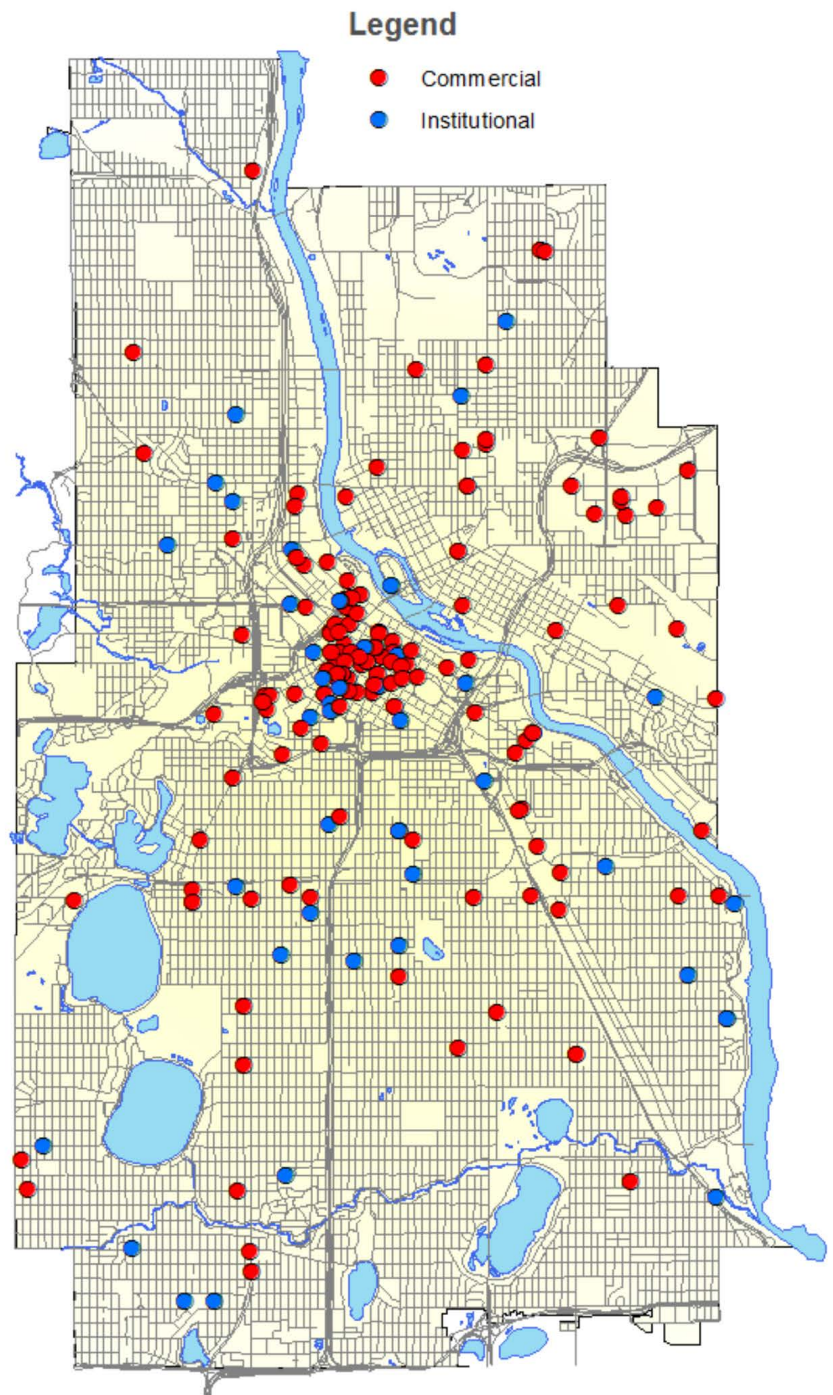


Conversions, remodels & additions

Non-residential remodel permits in the first quarter were again concentrated in the downtown sector of the city, with a relative even distribution of permits throughout the rest of the city.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 2Q-15**
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the second quarter of 2015. The dollar amounts only

reflect projected construction cost (not land acquisition or soft costs) for permits issued.

Permit amounts do not indicate actual project costs and are an estimate used for the purposes of permit issuance only.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
School Addition	3510 47th St W	Linden Hills	\$ 35,478,550	
New 6-Story 134 Unit Apartment Building	501 4th St S	Downtown West	\$ 27,879,938	●
New 6-Story 150 Unit Apartment Building	300 2nd St S	Downtown West	\$ 26,113,000	●
Interior Build-out of Wells Fargo project	329 Portland Ave	Downtown East	\$ 25,220,446	●
Interior Build-out of Wells Fargo project	550 4th St S	Downtown West	\$ 25,220,446	●
School Addition	3524 42nd Ave S	Howe	\$ 20,526,944	
Conversion of building to 290 room hotel	12 6th St S	Downtown West	\$ 18,550,000	
New 103 Unit Apartment Building	2505 Penn Ave N	Jordan	\$ 17,824,927	●
Conversion of building to 125 Apartment Units	22 27th Ave Se	Prospect Pk/E River Rd	\$ 16,532,000	
Office tenant build-out	524 5th St N	Northloop	\$ 15,000,000	
Office tenant build-out	1611 46th St E	Northrop	\$ 6,600,110	
Conversion of building to 44 Apartment Units	756 4th St N	Northloop	\$ 6,342,330	
School Remodel	25 Island Ave W	Nicollet Is/East Bank	\$ 6,015,000	
School Remodel	700 22nd Ave Ne	Holland	\$ 5,946,300	
Commercial addition and parking structure	2910 Pillsbury Ave	Whittier	\$ 5,789,500	
New 4-Story 42 Unit Apartment Building	2316 Colfax Ave S	Lowry Hill East	\$ 4,535,000	
Multi-family Residential Remodel	22 Greenway Gables	Loring Park	\$ 3,264,490	
Helistop addition to HCMC	730 8th St S	Elliot Park	\$ 3,166,607	
Church Remodel	4800 Ewing Ave S	Fulton	\$ 3,060,000	
Multi-family Residential Remodel	1415 22nd St E	Ventura Village	\$ 2,788,742	
Storefront Remodel	655 Nicollet Mall	Downtown West	\$ 2,569,982	
New Daycare Facility	3354 Penn Ave N	Folwell	\$ 2,300,000	
School Remodel	4029 28th Ave S	Standish	\$ 2,137,000	
MCTC Remodel	1501 Hennepin Ave	Loring Park	\$ 2,087,262	
Walgreens Remodel	655 Nicollet Mall	Downtown West	\$ 1,924,466	
School Remodel	4029 28th Ave S	Standish	\$ 1,917,900	
School Remodel	5757 Irving Ave S	Kenny	\$ 1,906,363	
School Remodel	312 34th St W	Lyndale	\$ 1,832,000	
Office tenant build-out	501 Nicollet Mall	Downtown West	\$ 1,741,691	
Office tenant build-out	206 1st St N	Northloop	\$ 1,662,899	
School Remodel	201 49th St W	Tangletown	\$ 1,653,732	
School Remodel	4717 Dowling St	Howe	\$ 1,511,500	
School Remodel	3120 28th St E	Longfellow	\$ 1,488,300	
Hospital Reroof	507 23rd Ave S	Cedar Rside/West Bank	\$ 1,413,994	
Multi-family Residential Remodel	1926 3rd Ave S	Stevens Sq/Loring Hgts	\$ 1,362,719	
Church Remodel	15 16th St N	Loring Park	\$ 1,356,229	
Veteran's Home Remodel	5101 Minnehaha Ave	Hiawatha	\$ 1,269,497	
School Remodel	807 27th Ave N	Hawthorne	\$ 1,215,000	
Multi-family Residential Remodel	2600 10th Ave S	Midtown Phillips	\$ 1,200,000	
Daycare Remodel	4040 Bloomington Ave	Bancroft	\$ 1,181,165	
School Remodel	3100 West River Pkwy S	Cooper	\$ 1,144,322	
Pharmacy Build-out	2525 Chicago Ave	Midtown Phillips	\$ 1,056,233	
New Single-family Dwelling	2020 Cedar Lake Pkwy	Bryn Mawr	\$ 1,037,443	

* Includes more than one permit at one address

Source: Minneapolis CPED

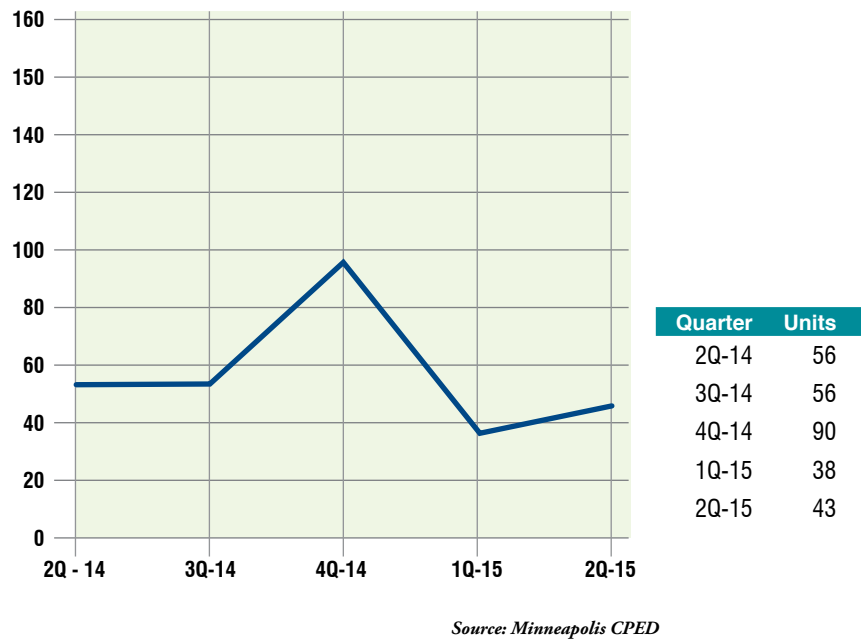
¹ Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

Demolitions

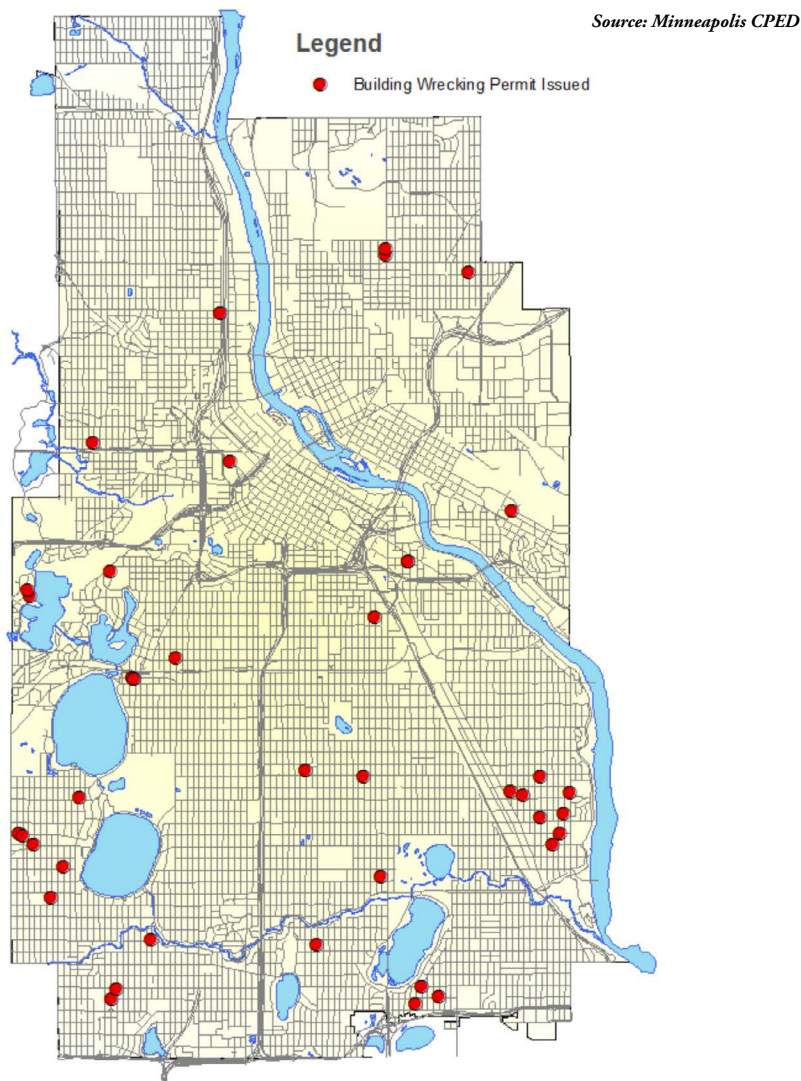
Residential demolitions increased this quarter when compared to the previous quarter and decreased when compared to the same quarter from 2014.

Demolitions continue to be focused in areas of the city where sites are prepped for the construction of new single-family or multi-family projects.

Figure 9: RESIDENTIAL UNITS DEMOLISHED – Minneapolis



Map 4: DEMOLITIONS –2Q-15



Building permits for new construction: Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis Regulatory Services may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

Single-family buildings have only one unit in the building.

Multifamily buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

Cost of residential construction is based on the cost developers report on permit requests for their projects.

Construction cost per unit refers to the total construction cost reported divided by the number of units permitted during the period considered.

Non-residential buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

Building permits for residential remodeling, additions and conversions: Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

Building permits for demolitions: These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

Maps – Building uses: Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

Map 1 – New buildings

Single-family: means detached dwellings.

Other residential: means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

Mixed-use residential: means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

Non-residential use: means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

Map 2 – Residential remodels with a construction cost of \$50,000 or more:

Single-family includes all detached single-family dwellings with permits for renovations, additions or improvements.

Other residential includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

Conversions consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

Commercial includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

Institutional: This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

Transportation related includes parking, skyways and bus and rail terminals.

Map 4 – Demolitions

Single family buildings: All detached residential buildings with one unit in the structure.

Multi-family buildings: All residential buildings with 2 or more units in the structure.

Non-residential: All non-residential buildings and structures

Residential and Commercial Real Estate Market

- The average apartment vacancy rate in Minneapolis increased to 4.6 percent in the second quarter of 2015 after falling to 3.1 percent in the first quarter of 2015. The vacancy rate is also up from the 3.5 percent rate seen in the second quarter of 2014.
- The number of traditional housing sales increased by 15.0 percent over the same quarter last year, while lender-mediated sales decreased by 34.9 percent. Average prices on traditional housing sales increased by 0.8 percent from the previous quarter, and increased 8.4 percent over the same quarter last year.
- Foreclosure sales decreased by 32.3 percent from the previous quarter, and decreased by 23.8 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) ranged between 12.9 percent and 15.6 percent this quarter, depending on the firm reporting. Retail vacancies in the CBD ranged from 11.8 percent to 20.1 percent – the large discrepancy is explained by differences in reporting method by firm.

Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis increased to 4.6 percent. The metro area vacancy rate increased this quarter to 2.9 percent.

Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

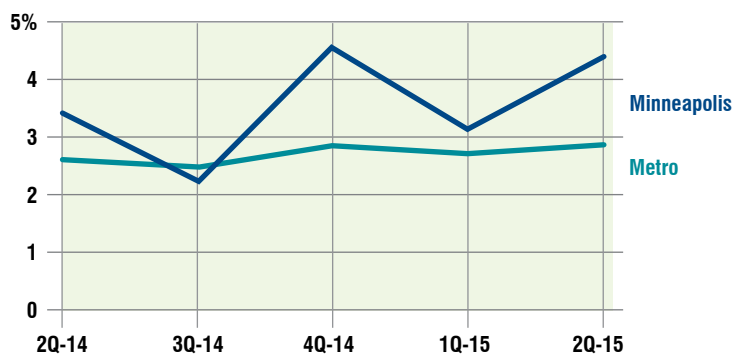
	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis					
Units surveyed	18,381	19,179	20,622	21,681	20,884
Vacant units	644	404	969	666	954
Average rent	\$ 1,118	\$ 1,105	\$ 1,160	\$ 1,133	\$ 1,228
Vacancy rate	3.5%	2.1%	4.7%	3.1%	4.6%
Metro area					
Units surveyed	114,496	123,503	124,172	126,381	120,668
Vacant units	2,986	3,025	3,629	3,359	3,440
Average rent	\$ 1,004	\$ 1,007	\$ 1,021	\$ 1,018	\$ 1,055
Vacancy rate	2.6%	2.4%	2.9%	2.7%	2.9%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

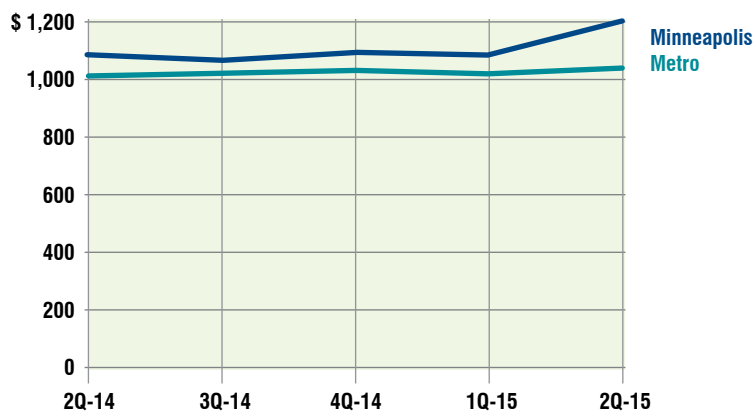
Apartment vacancy rates & average rents

At \$1,228, Minneapolis average rent in inflation-adjusted dollars increased when compared to the previous quarter and when compared to the same quarter of last year. In the metro area average rent was \$1,055, an increase from the previous quarter and an increase when compared to the same quarter of the previous year.

The vacancy rate fell in the Downtown, North, South, and East sectors over the last quarter, while it rose in the Southwest sector. Compared to the same quarter last year the vacancy rate rose in the Downtown, South, and East sectors, while falling in the Southwest and North sectors. The largest change from year to year occurred in North, where the vacancy rate decreased from 5.6 percent in the second quarter of 2014, down to 1.9 percent in the second quarter of 2015.

* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**
in current dollars



In inflation-adjusted dollars

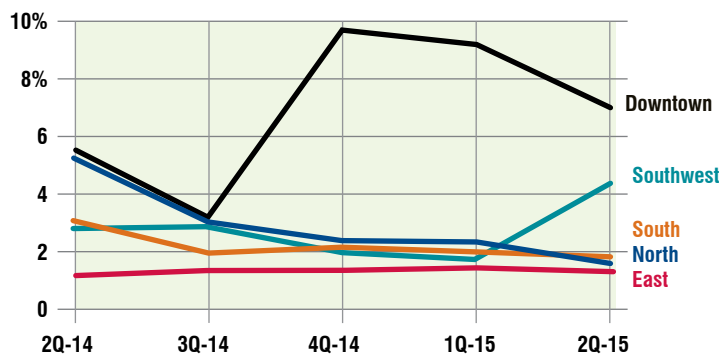
	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis	\$ 1,131	\$ 1,108	\$ 1,163	\$ 1,133	\$ 1,228
Metro area	\$ 1,006	\$ 1,009	\$ 1,021	\$ 1,018	\$ 1,055

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS***
in percent



	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Downtown	5.7%	3.1%	9.8%	8.8%	7.0%
Southwest	2.5%	2.7%	2.0%	1.8%	4.1%
North	5.6%	3.3%	2.2%	2.2%	1.9%
South	2.6%	2.0%	2.1%	2.0%	0.8%
East	1.5%	1.6%	1.6%	1.8%	1.7%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

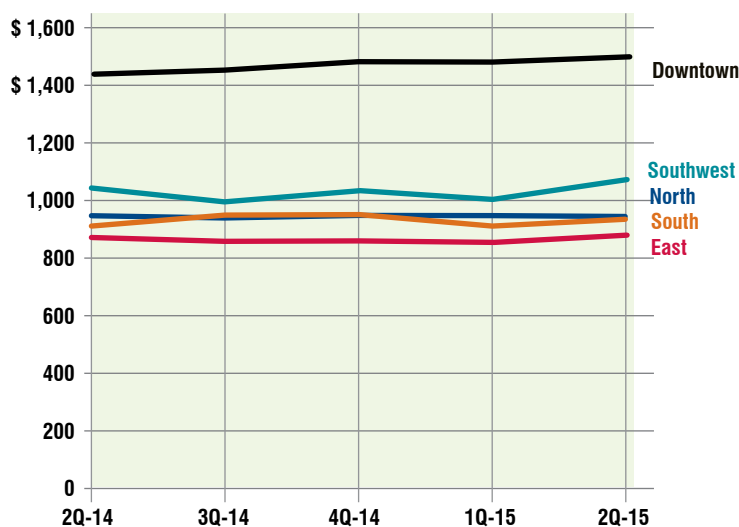
* For sector definitions, see [page 41](#).

Apartment vacancy rates & average rents

Average inflation adjusted rents increased over the previous quarter in all sectors. On a year to year basis, rents increased the most in Southwest Minneapolis (11.3 percent, or 117 dollars), followed by the Downtown sector (6.1 percent, or approximately 87 dollars).

* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS***
in inflation-adjusted dollars



	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Downtown	\$ 1,417	\$ 1,425	\$ 1,498	\$ 1,493	\$ 1,504
Southwest	\$ 1,032	\$ 1,000	\$ 1,046	\$ 1,001	\$ 1,149
North	\$ 950	\$ 941	\$ 950	\$ 948	\$ 949
South	\$ 923	\$ 951	\$ 951	\$ 923	\$ 945
East	\$ 894	\$ 886	\$ 887	\$ 885	\$ 908

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

* For conversion factors, see [page 42](#).

** For City sectors definition see [page 41](#).

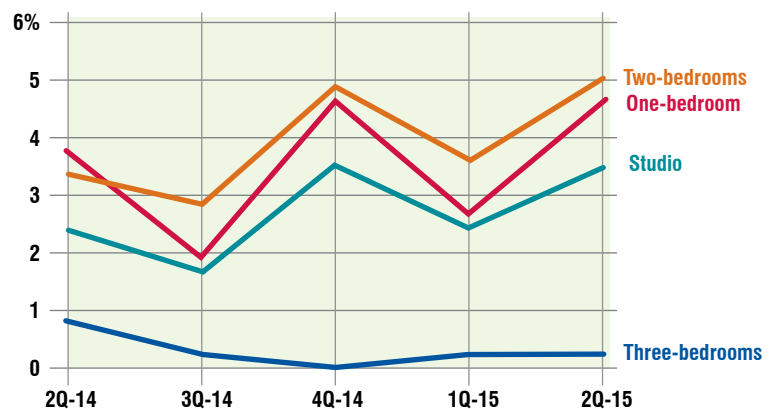
Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates increased for all apartment types except three-bedroom units. In comparison with the same quarter from the previous year, vacancy rates increased for all apartment types except for three-bedroom apartments.

Average rents in *inflation-adjusted* dollars increased for studio, one-, and two-bedroom apartments when compared to the previous quarter while three-bedroom apartment rents decreased. Rents for all unit types increased when compared to the same quarter from the previous year.

* For conversion factors, see [page 42](#).

Figure 14: **RENTAL VACANCY RATE** – Minneapolis
in percent by apartment type

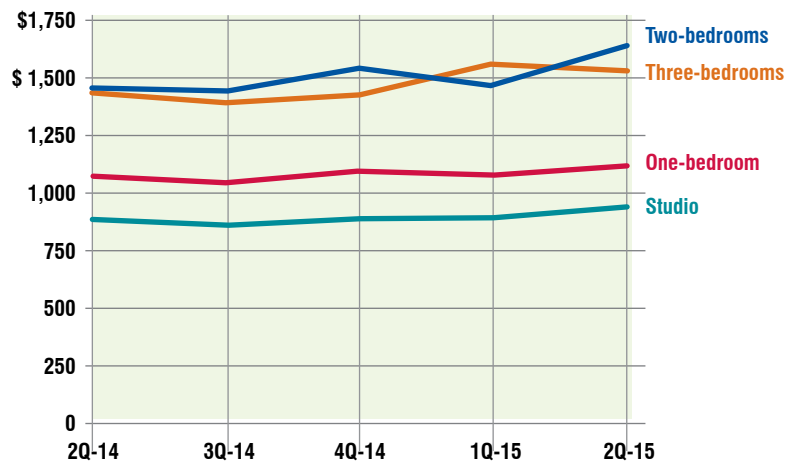


	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Studio	2.4%	1.7%	3.6%	2.6%	3.4%
One-bedroom	3.8%	1.9%	4.7%	2.8%	4.6%
Two-bedroom	3.4%	2.9%	4.9%	3.8%	5.0%
Three-bedroom	0.9%	0.4%	0.0%	0.4%	0.4%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

Figure 15: **AVERAGE UNIT MONTHLY RENT** – Minneapolis
in inflation-adjusted dollars by apartment type



	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Studio	\$ 816	\$ 805	\$ 834	\$ 834	\$ 861
One-bedroom	\$ 1,038	\$ 1,016	\$ 1,063	\$ 1,029	\$ 1,109
Two-bedroom	\$ 1,466	\$ 1,444	\$ 1,515	\$ 1,475	\$ 1,611
Three-bedroom	\$ 1,462	\$ 1,417	\$ 1,434	\$ 1,524	\$ 1,505

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

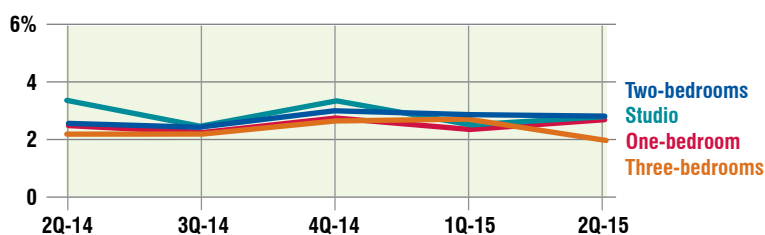
Recorded data for the last month of the quarter.

Apartment vacancy rates & average rents

In the metro area vacancy rates increased for studio and one-bedrooms, held steady for two-bedrooms, and decreased for three-bedrooms when compared to the previous quarter. Studio and three-bedroom units types saw a decrease in vacancy, one-bedroom vacancy held steady, and two-bedroom vacancy increased when compared to the same quarter from the previous year.

Average rents in *inflation-adjusted* in the metro increased for all unit types when compared to the previous quarter. When compared to the same quarter from the previous year all unit types saw rents increase.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area
in percent by apartment type



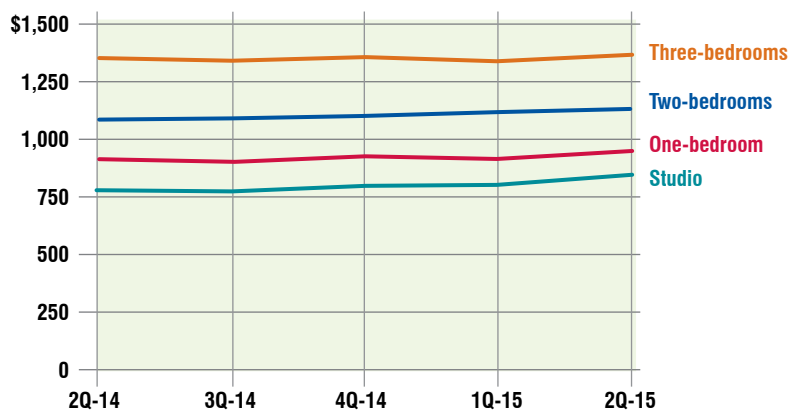
	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Studio	3.3%	2.5%	3.3%	2.5%	2.7%
One-bedroom	2.6%	2.3%	2.7%	2.4%	2.6%
Two-bedroom	2.6%	2.5%	2.8%	2.7%	2.7%
Three-bedroom	2.3%	2.4%	2.7%	2.7%	2.0%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area
in inflation-adjusted dollars by apartment type



	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Studio	\$ 771	\$ 774	\$ 789	\$ 796	\$ 813
One-bedroom	\$ 892	\$ 886	\$ 902	\$ 892	\$ 920
Two-bedroom	\$ 1,099	\$ 1,093	\$ 1,101	\$ 1,103	\$ 1,127
Three-bedroom	\$ 1,359	\$ 1,352	\$ 1,366	\$ 1,352	\$ 1,372

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

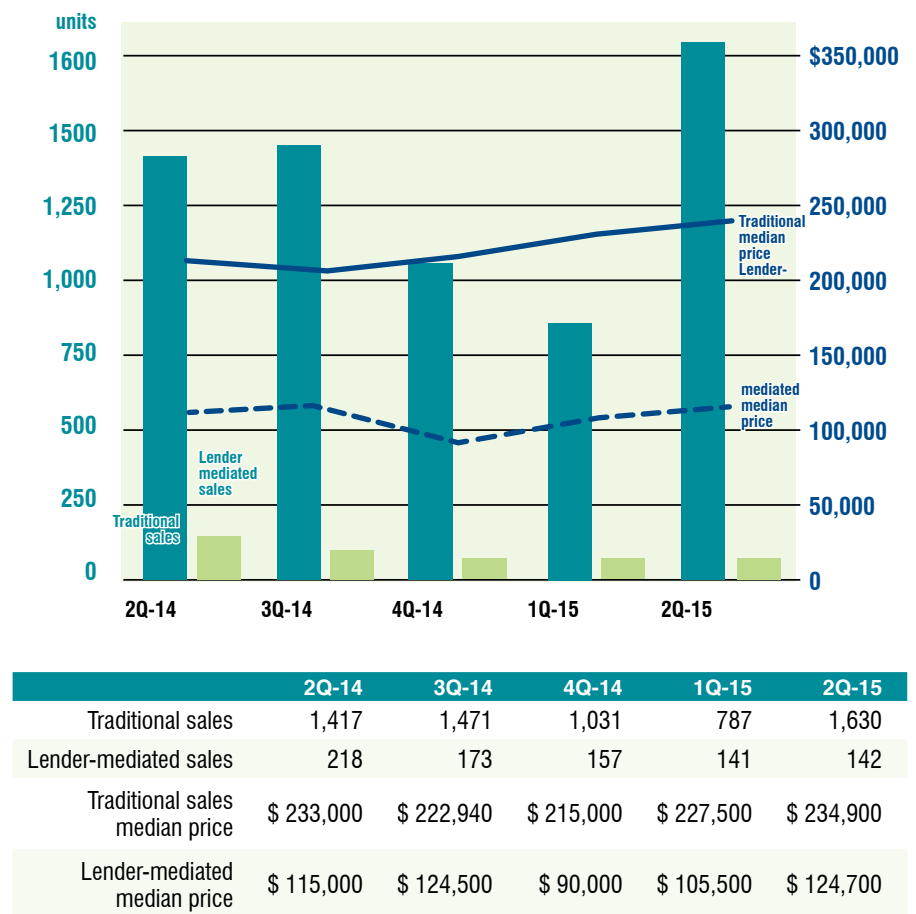
Residential sales

Overall sale of housing units increased from the previous quarter. This included an increase in traditional sales (107.1 percent increase) and a decrease in lender-mediated sales (0.7 percent decrease). Median prices for the quarter increased for both traditional and lender-mediated sales. The median price of traditional sales in Minneapolis (\$234,900) remained ahead of the regional median sale price (\$230,900) this quarter.

Over a twelve-month period, the number of traditional housing sales increased by 15.0 percent, while lender-mediated sales decreased by 34.9 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (0.8 percent) and for lender-mediated sales (8.4 percent). This quarter lender-mediated sales including foreclosures were 8 percent of all housing sales in the city, while they accounted for 13 percent of sales in the same quarter of the previous year.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE— Minneapolis**

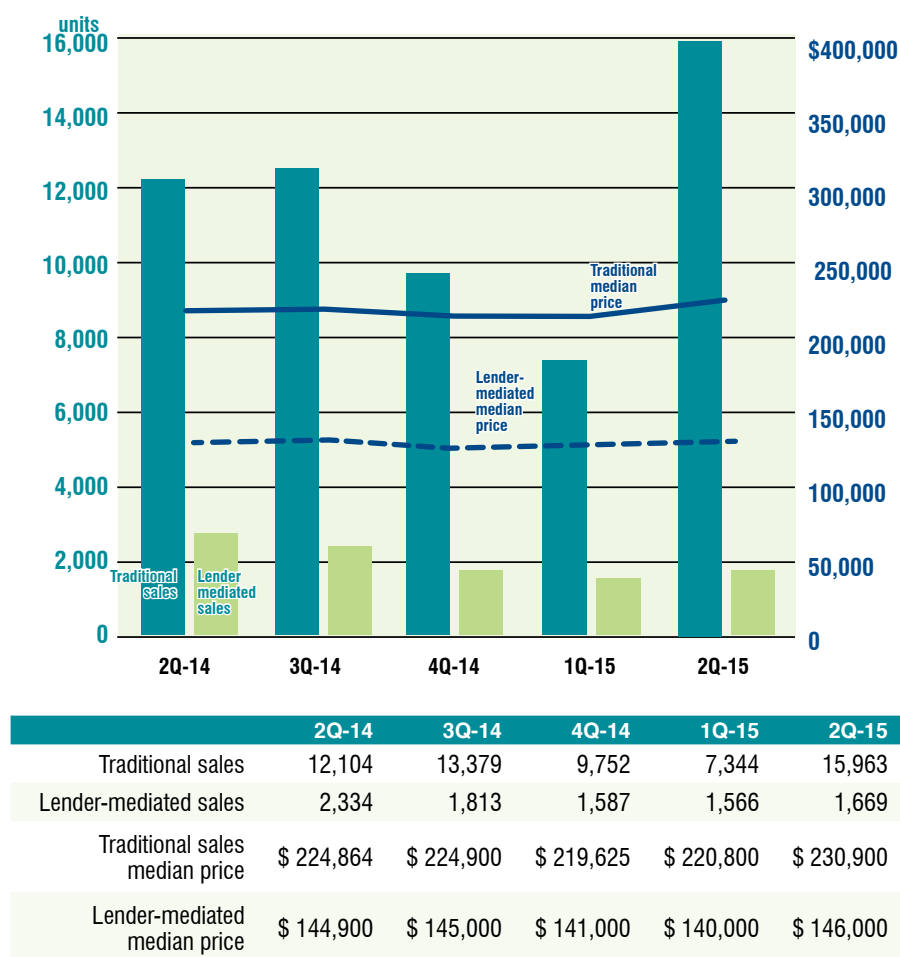


Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area traditional sales were up from the previous quarter by 117.4 percent, while lender-mediated sales increased by 6.6 percent. Median sale prices for traditional sales rose by 4.6 percent while lender-mediated median sale prices increased by 4.3 percent.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE – Metro area***



Source: *Minneapolis Area Association of Realtors (MAAR)*

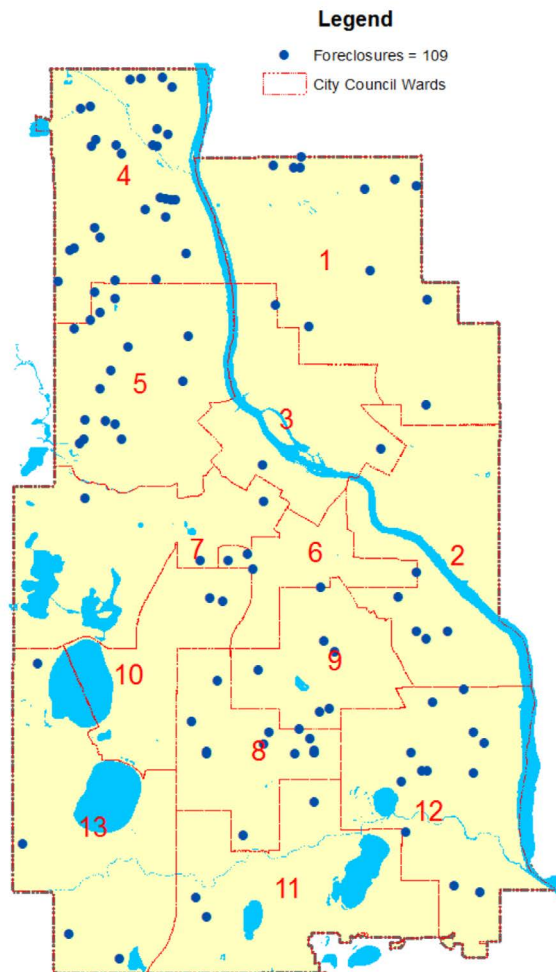
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

For metro area definition, see [page 41](#)

Foreclosures

This quarter 109 properties were sold at public auction, 32.3 percent fewer than the previous quarter, and 23.8 percent fewer than the second quarter of 2014.

MAP 5: PROPERTIES FORECLOSED – 2Q-15
by wards



Source: Hennepin County

Data on foreclosures downloaded as of June 1, 2015. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

Table 8: FORECLOSURE PROPERTIES – Minneapolis
by ward

Ward	2Q-14		3Q-14		4Q-14		1Q-15		2Q-15	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	8	6%	15	9%	7	5%	16	10%	11	10%
2	4	3%	2	1%	4	3%	9	6%	5	5%
3	10	7%	5	3%	6	4%	8	5%	3	3%
4	29	20%	46	26%	45	30%	48	30%	28	26%
5	22	15%	24	14%	25	17%	21	13%	16	15%
6	4	3%	5	3%	2	1%	7	4%	3	3%
7	6	4%	9	5%	6	4%	8	5%	3	3%
8	12	8%	13	7%	10	7%	7	4%	13	12%
9	10	7%	16	9%	13	9%	6	4%	6	6%
10	6	4%	5	3%	5	3%	4	2%	2	2%
11	9	6%	9	5%	5	3%	5	3%	3	3%
12	18	13%	18	10%	20	13%	12	7%	12	11%
13	5	3%	8	5%	2	1%	10	6%	4	4%
Total	143	100%	175	100%	150	100%	161	100%	109	100%

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at <http://www4.co.hennepin.mn.us/webforeclosure/>

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis
in units



Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city decreased from the last quarter to 531, which was 8.9 percent lower than at the end of the second quarter of 2014. The number of condemned buildings fell by 12.8 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased by 4.9 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS**

Source: Minneapolis CPED

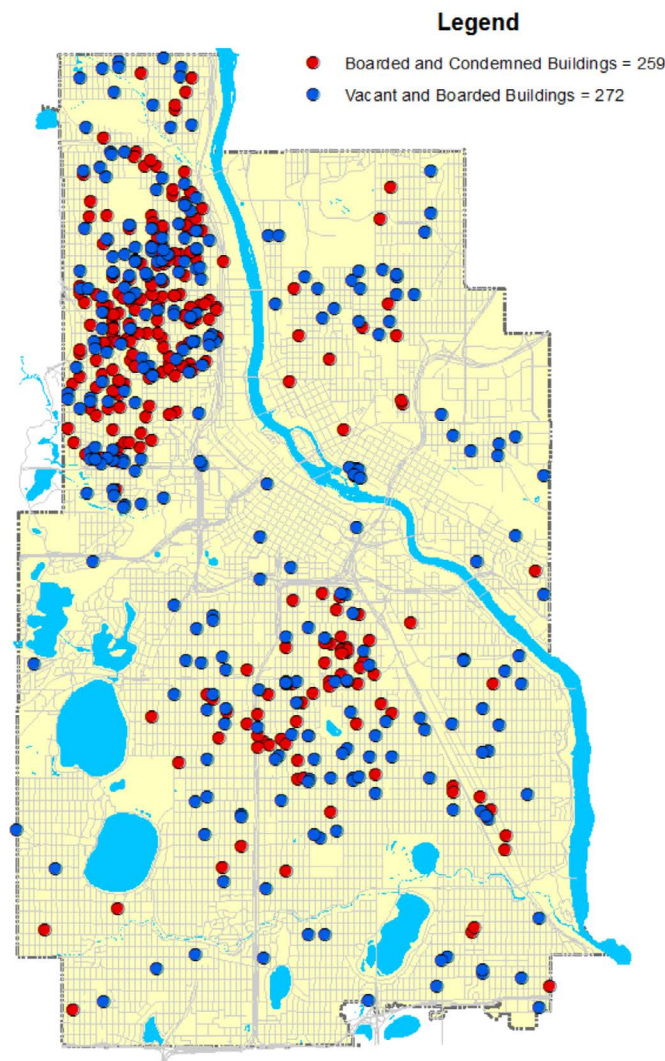


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of the quarter

	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Boarded and condemned buildings	297	283	271	273	259
Vacant but not condemned	286	307	297	283	272
Total	583	590	568	556	531

Source: Minneapolis CPED

Note: About 98 percent of the buildings in the table are residential.

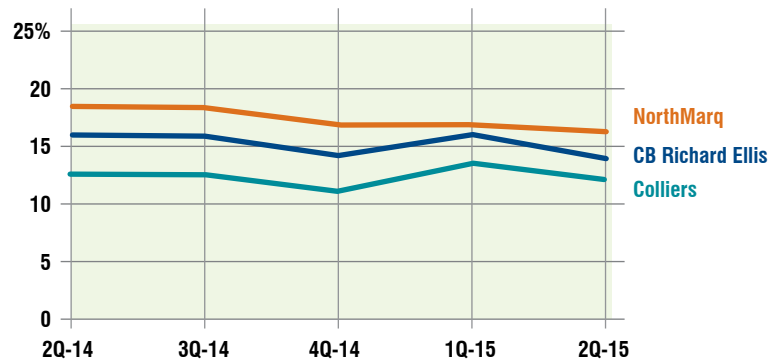
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 12.9 percent and 15.6 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain larger blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 12.5 percent and 16.4 percent, according to the above real estate firms. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties.

Figure 21: **OFFICE SPACE VACANCY RATE – Minneapolis CBD**
in percent

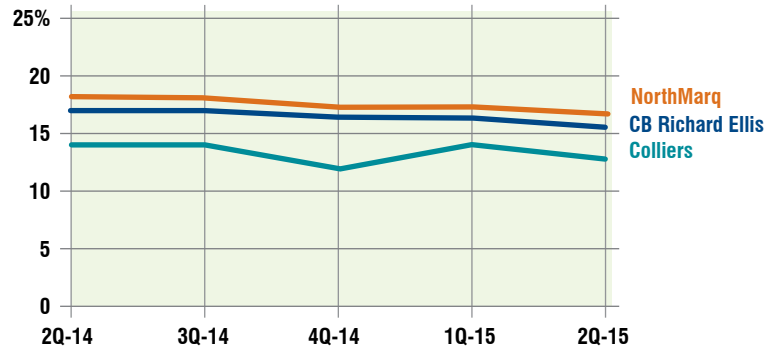


	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
CB Richard Ellis	15.3%	15.1%	14.4%	15.6%	14.1%
Colliers	12.7%	12.7%	10.5%	14.0%	12.9%
NorthMarq	17.2%	17.2%	15.9%	15.9%	15.6%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE – Metro area**
in percent



	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
CB Richard Ellis	16.8%	16.8%	16.1%	16.0%	15.3%
Colliers	14.7%	14.2%	12.2%	14.6%	12.5%
NorthMarq	17.4%	17.4%	16.6%	16.6%	16.4%

Sources: CB Richard Ellis, Colliers and NorthMarq

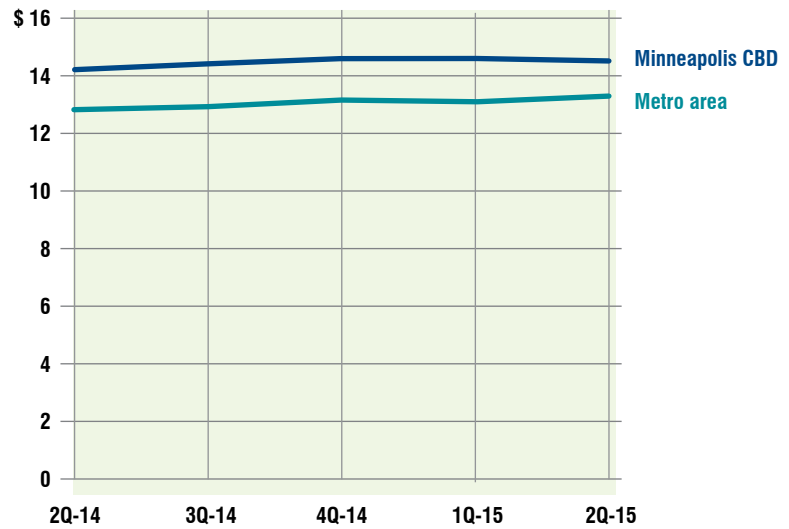
See explanation of sources on [page 42](#)

Office space

When compared to the previous quarter the average asking lease rate per square foot in the Minneapolis central business district (CBD) fell slightly while in the metro area rents increased. When compared to the previous year rents in the Minneapolis CBD are up 4.1 percent.

Compared to the previous quarter the rate of growth in occupied office space in both Downtown Minneapolis and the Metro area as a whole decreased. An additional 338,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous quarter, and an additional 1,816,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous year.

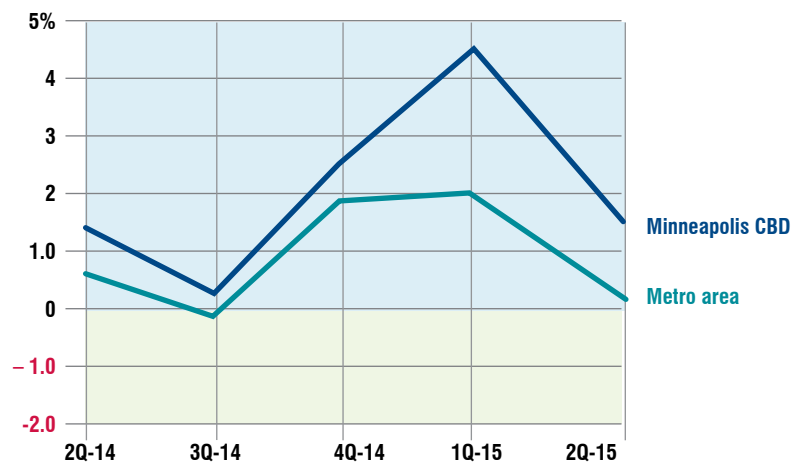
Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE – rate of growth**
in percent



Source: CB Richard Ellis

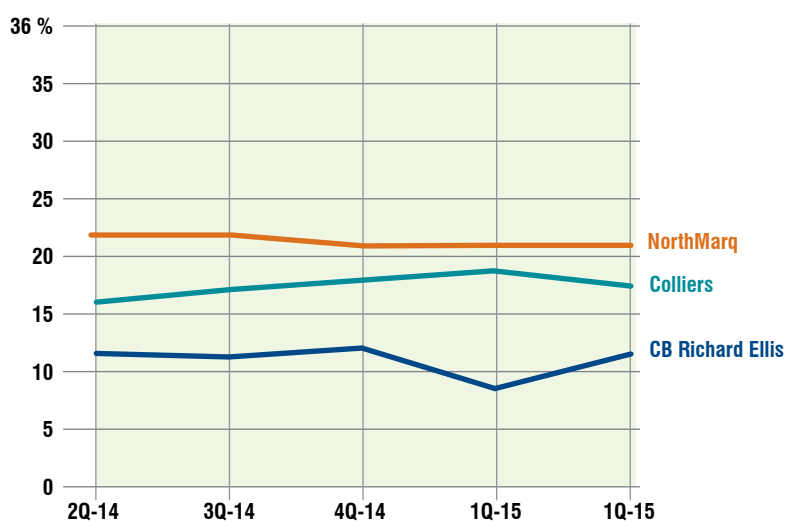
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 11.8 and 20.1 percent. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done by each reporting firm.

The metro area vacancy rate this quarter ranged from 4.4 percent to 7.3 percent.

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**
in percent

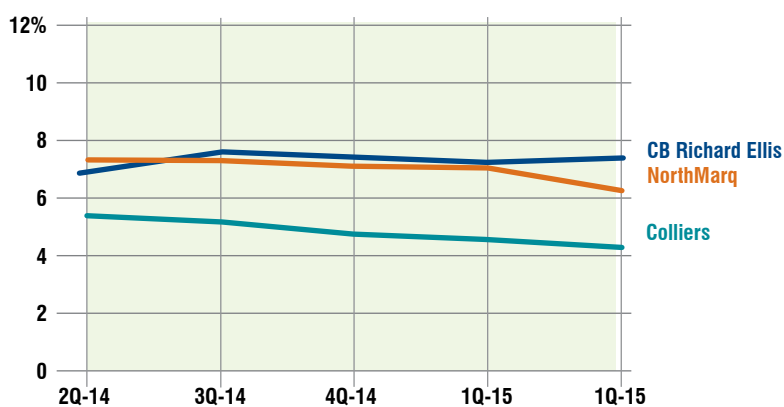


	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
CB Richard Ellis	11.0%	10.9%	11.7%	8.2%	11.8%
Colliers	15.3%	16.5%	No data	19.1%	16.2%
NorthMarq	21.6%	21.6%	21.1%	21.1%	20.1%

Sources CB Richard Ellis and NorthMarq

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 26: **RETAIL VACANCY RATE – Metro area**
in percent



	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
CB Richard Ellis	6.7%	7.8%	7.5%	7.1%	7.3%
Colliers	5.7%	5.5%	4.9%	4.8%	4.4%
Northmarq	7.2%	7.2%	7.1%	7.1%	6.6%

Sources: CB Richard Ellis, Colliers and NorthMarq

CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

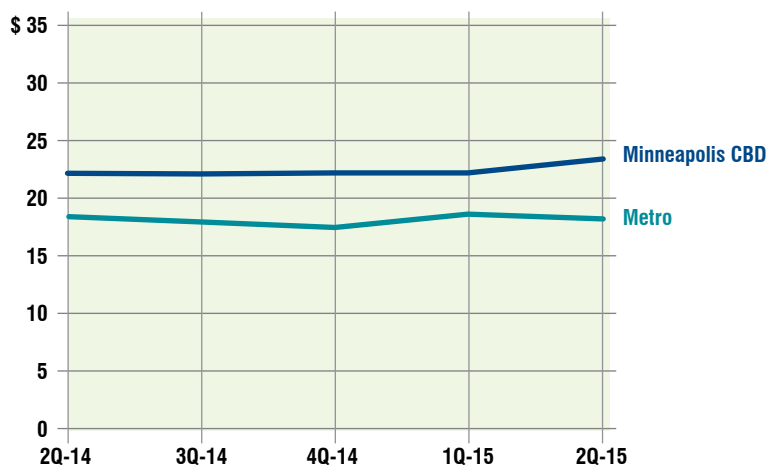
Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) increased when compared to the previous quarter's numbers and when compared to the second quarter of 2014.

In the metro area, average asking lease price decreased over the previous quarter, and increased when compared to the second quarter of 2014.

The Minneapolis central business district (CBD) the metro area experienced negative growth rates in occupied retail space when compared to the previous quarter.

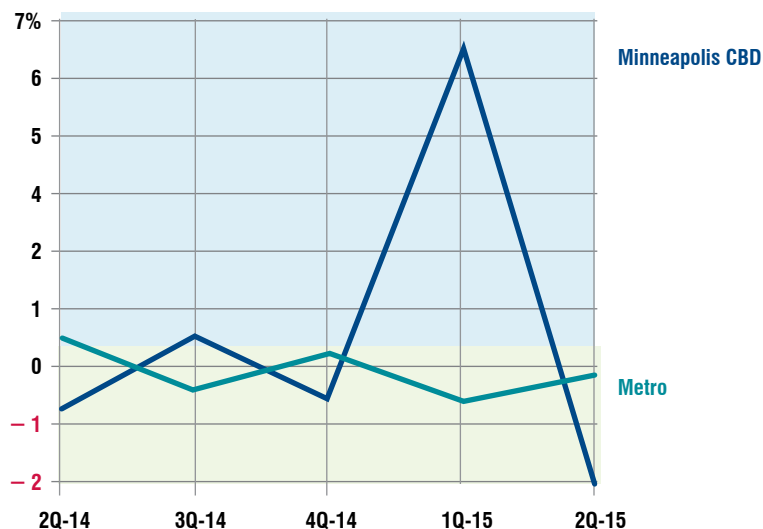
Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 28: **OCCUPIED RETAIL SPACE** – rate of growth
in percent



Source: CB Richard Ellis

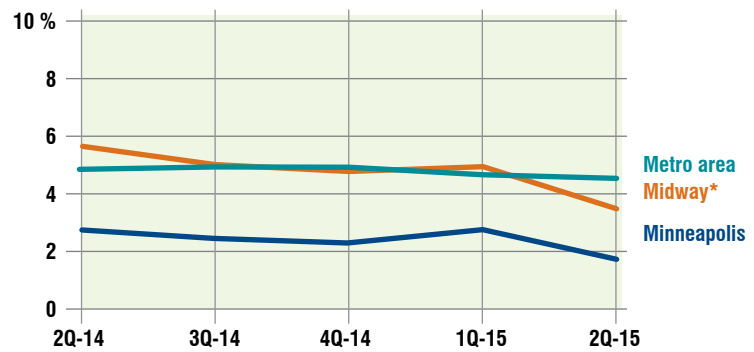
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space total vacancy rate decreased over the previous quarter in all geographies. Vacancy rates fell in both Minneapolis and Midway areas when compared to the previous year, while holding steady in the metro area overall.

The average asking lease price for industrial space increased across all geographies when compared to the previous quarter. Asking lease rates were also up across all geographies when compared to the same quarter from the previous year.

Figure 29: **INDUSTRIAL VACANCY RATE**
in percent



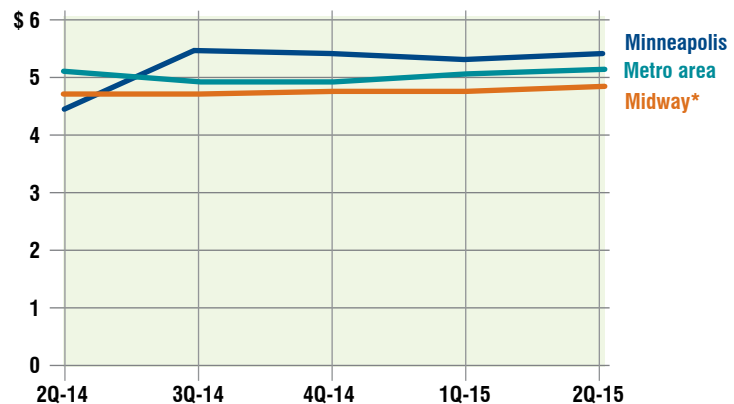
	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis	2.8%	2.3%	2.2%	2.6%	1.9%
Midway*	5.7%	5.3%	5.2%	5.4%	3.8%
Metro area	5.0%	5.2%	5.3%	5.2%	5.0%

Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**
in dollars per square foot per year



	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis	\$4.54	\$5.44	\$5.40	\$5.38	\$5.43
Midway*	\$4.73	\$4.73	\$4.75	\$4.73	\$4.75
Metro area	\$5.03	\$4.99	\$4.98	\$5.07	\$5.11

Source: CB Richard Ellis

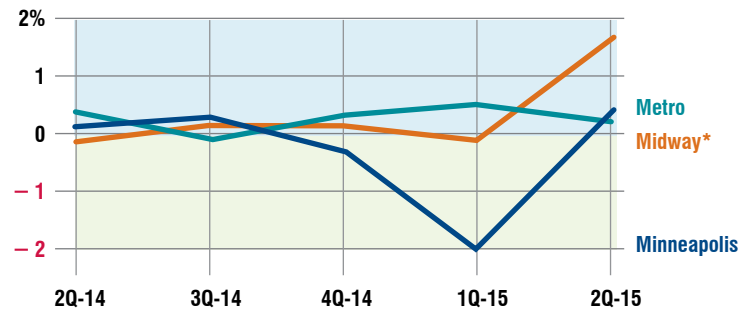
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Industrial space

Industrial absorption rates increased in Minneapolis and Midway, and increased in the Metro area overall when compared to the previous quarter.

Figure 31: **OCCUPIED INDUSTRIAL SPACE** – rate of growth in percent



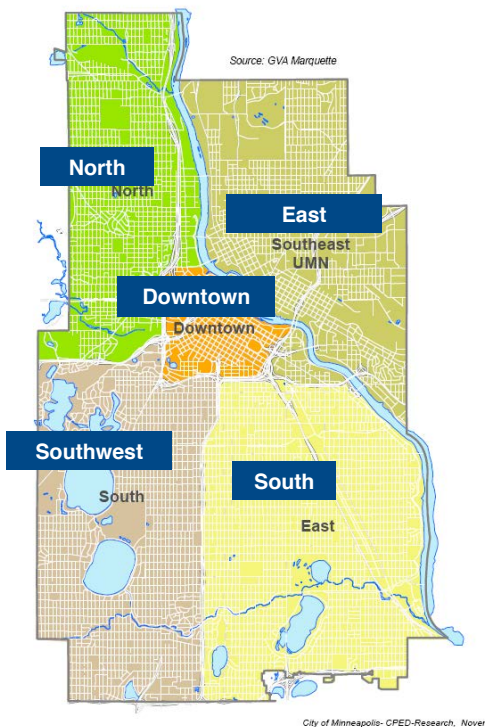
	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15
Minneapolis	0.2%	0.5%	-0.4%	-2.0%	0.7%
Midway*	-0.3%	0.1%	0.1%	-0.1%	1.7%
Metro area	0.3%	-0.2%	0.0%	0.7%	0.2%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Definitions & sources



- **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- **City areas:** : For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below.
Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

Real estate statistics as reported by CB Richard Ellis () include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers (), and Cushman & Wakefield-NorthMarq ()

- **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys.

Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

Inflation-adjusted figures: For the purpose of analyzing residential rent, text is based on values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size “class A” (more than 1.5 million people).



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